

1 UNITED STATES BANKRUPTCY COURT  
2 SOUTHERN DISTRICT OF NEW YORK

3 Case No. 22-10964-mg

4 - - - - - x

5 In the Matter of:

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7 CELSIUS NETWORK LLC,

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9 Debtor.

10 - - - - - x

11 Adv. Case No. 23-01138-mg

12 - - - - - x

13 CELSIUS NETWORK LIMITED,

14 Plaintiff,

15 v.

16 STAKEHOUND SA,

17

18 Defendant.

19 - - - - - x

20 United States Bankruptcy Court

21 One Bowling Green

22 New York, NY 10004

23

24 August 8, 2023

25 3:08 PM

1 B E F O R E :

2 HON MARTIN GLENN

3 U.S. BANKRUPTCY JUDGE

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5 ECRO: KS

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Adversary proceeding: 23-01138-mg Celsius Network Limited v.  
StakeHound SA Hybrid Hearing RE: Plaintiff Celsius Network  
Limiteds Motion for an Order Authorizing Alternative Service  
on Defendant StakeHound SA Pursuant to Federal Rule of Civil  
Procedure 4(f)(3). (Doc## 9, 10, 13, 15 to 21)

Transcribed by: Sonya Ledanski Hyde

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P R O C E E D I N G S

CLERK: Starting the record for August 8, 2023,  
the 3:00 hearing in Celsius Network Limited v. StakeHound  
SA, Case No. 23-01138. If we have any counsel that's  
speaking on the record, please unmute your line and state  
your name for the record. All right. Any counsel so far  
that's speaking this afternoon?

Good afternoon, everyone. If we could get  
plaintiff's counsel to unmute and give their appearances  
please.

MR. HURLEY: Certainly. Mitch Hurley with Akin  
Gump Strauss Hauer & Feld, special litigation counsel to the  
Celsius debtors in the Celsius v. StakeHound adversary  
proceeding.

CLERK: All right, thank you. Anyone else?

MR. CHAPMAN: Yeah. Dean Chapman from Akin Gump  
for Celsius as well.

CLERK: Thank you. Defendant's counsel, if you  
could unmute and give your appearance.

MS. WICKOUSKI: Good afternoon. Stephanie  
Wickouski from Locke Lord on behalf of the defendant.

CLERK: Okay, thank you. Do we have creditors'  
committee counsel? Anyone from the creditors' committee  
going to be speaking this afternoon? All right.

1 I called the case and took appearances.

2 THE COURT: All right. Okay, good afternoon. I'm  
3 sorry for the delay. I'm not doing this from chambers and I  
4 had some technological problems.

5 Mr. Hurley, you want to begin?

6 MR. HURLEY: Sure. Mitchel Hurley with Akin for  
7 Celsius. Thanks for giving us the time today, Your Honor.

8 The parties have, fortunately, been able to work  
9 out an agreement on the point that we were stuck on at the  
10 end of the hearing yesterday. And I'm happy to just read  
11 onto the record, Ms. Wickouski, you know, exactly what we  
12 agreed in our email.

13 MS. WICKOUSKI: Okay.

14 MR. HURLEY: Okay.

15 THE COURT: That would be good.

16 MR. HURLEY: So the agreement is as follows:

17 One, StakeHound will agree not to sell or transfer  
18 tokens, including ETH, DOT, and MADIC, and associated  
19 rewards that are the subject of this litigation -- that  
20 property is defined as the subject property -- for seven  
21 days, subject to the notice and objection procedures that I  
22 will describe in a moment. This period is subject to  
23 extension only (i) by agreement of the parties or (ii)  
24 further order of the Court. In the event StakeHound needs  
25 to sell or transfer any of the subject property, StakeHound

1 would provide three days' notice to Celsius; an email will  
2 suffice for that notice.

3           Upon objection from Celsius during the notice  
4 period, an email will suffice for the objection, the parties  
5 would negotiate in good faith to resolve the objection. If  
6 a resolution is reached by the close of the notice period,  
7 StakeHound may proceed consistent with such resolution. If  
8 no resolution is reached during the notice period, the  
9 parties agree to a hearing before the Court on shortened  
10 notice to resolve the objection.

11           I just want to put this on the record, too.  
12 StakeHound will agree to the above conditions solely to  
13 facilitate further negotiations among the parties with  
14 respect to a case management and scheduling order, and its  
15 agreement shall not prejudice StakeHound's position in such  
16 discussions in any way. I'll add it's not intended to  
17 prejudice Celsius' positions in any way either.

18           StakeHound's agreement in the above term shall be  
19 subject to a full reservation of rights regarding  
20 StakeHound's jurisdiction and other defenses and a full  
21 reservation of Celsius' rights in the same regard.

22           And that is the agreement. Maybe I'll just give  
23 Miss Wickouski a second to make sure she can confirm that  
24 I've read it correctly and appropriately.

25           MS. WICKOUSKI: Thank you. For the record,



1 Stephanie Wickouski from the Locke Lord on behalf of  
2 StakeHound. Yes, Mr. Hurley has accurately reflected our  
3 agreement on the record.

4 I do want to note that this is intended for the  
5 short term to allow us the opportunity to negotiate a case  
6 management and proposed scheduling order. It is, as is  
7 obviously, it's broader than what we had proposed order and  
8 it has no carveouts.

9 So we're willing to agree to this in the short  
10 term, but noting with the caveat that we expect we will  
11 require some carveouts and some modification of this for a  
12 longer term phrase that we expect to negotiate as part and  
13 parcel of the case management and scheduling process.

14 THE COURT: Okay. Do you have any comment on  
15 that, Mr. Hurley?

16 MR. HURLEY: Only, Your Honor, that Celsius  
17 doesn't intend or has never been of the view that by  
18 reaching this interim agreement that it is going to in any  
19 way predetermine what the later agreement will look like and  
20 we just all reserve our rights.

21 THE COURT: Okay, that's fine.

22 MS. WICKOUSKI: Thank you.

23 THE COURT: You know, whether it gives you any  
24 comfort or not, Miss Wickouski, I had described the Stone  
25 matter -- it actually went through several iterations -- and

1 they were successful at working out the arrangement, so I'm  
2 hopeful that you'll be able to do that as well. But if  
3 necessary, I will, you know, try and hear you on shortened  
4 notice and deal with it as necessary.

5 What I would ask you to do is if you could put  
6 this in the form, what you've read on the record, put it on  
7 a form of stipulation and file it on the transcript. It  
8 won't need to be -- I'm agreeing to what you've read, so  
9 that in effect is so ordered, so it won't need a signature  
10 line for me, but just so we have something on the docket  
11 itself that any party in interest can see. Okay?

12 MR. HURLEY: We'll do that, Your Honor.

13 THE COURT: All right. And, you know, I assume it  
14 may take you to Thursday to get that done or something like  
15 that. This agreement is operative. And, look, I hope you  
16 can work your way through any other remaining issues and get  
17 this done. Okay?

18 MR. HURLEY: Understood.

19 THE COURT: I appreciate the effort that you both  
20 put in to getting us to this point. Okay?

21 MR. HURLEY: Thank you, Your Honor.

22 THE COURT: All right. Let me just ask, have you  
23 discussed -- you know, obviously, StakeHound wants to  
24 proceed with a motion to compel arbitration. You may or may  
25 not have other requests for relief that you're going to

1 seek. So I assume you'll set out all of what you're  
2 proposing in a pretrial order and we can see where we go  
3 from there with it, okay?

4 One other question. Excuse me for being a little  
5 disjointed. Have you agreed on a letter to the arbitrator  
6 or the Arbitration Center?

7 MR. HURLEY: We have not yet, Your Honor. We've  
8 been focused on getting this agreement in place, but that's  
9 something that I was hoping to turn to with Miss Wickouski  
10 right away.

11 MS. WICKOUSKI: Your Honor, we have spoken to -- I  
12 did speak to the Swiss counsel this morning, and I suggested  
13 -- and I explained to him the parameters of what the letter  
14 would provide. I've asked him to take a first crack at  
15 drafting it. He explained to me that the reservations of  
16 rights that Mr. Hurley described yesterday were entirely  
17 customary and built into their process, but he would expect  
18 to address that as well. And then we could provide a draft  
19 and get that worked out between us.

20 THE COURT: Okay. Is the Arbitration Center is  
21 Zurich or Geneva or some other city?

22 MR. HURLEY: Geneva.

23 THE COURT: Geneva, okay.

24 MR. HURLEY: And just one note on that, Your  
25 Honor. We did receive a communication, our first

1 communication from the sole arbitrator yesterday. I think  
2 it was actually about a half an hour before our hearing  
3 started, but I didn't see it, I assume Miss Wickouski didn't  
4 either before the hearing, and it actually asks for a  
5 response on some procedural matters by the 11th.

6 So my hope is that we'll be able to iron this out  
7 and send that in in advance of the 11th; that's what we're  
8 looking to do. And obviously, if there's some reason we  
9 can't come to agreement -- I hope it won't be necessary and  
10 I don't think it will -- but we may have to contact the  
11 Court on that front, but again, I think it's very unlikely  
12 that we'll have to. We'll reach agreement on the  
13 submission.

14 THE COURT: Okay.

15 MS. WICKOUSKI: And it was my understanding from  
16 the Swiss counsel for StakeHound, and I don't know how they  
17 knew this, but they told me that -- and perhaps it was an  
18 informal communication from the arbitrator, I'm not sure --  
19 but that the arbitrator was aware, had been put on notice of  
20 the New York proceedings and that it would be contemplated  
21 that the arbitration would be on hold for some period of  
22 time pending the proceedings in New York, so he's expecting  
23 to get a letter on this effect.

24 THE COURT: That's fine. All right, I appreciate  
25 it. Anything else either of you want to add at this point?

1 MR. HURLEY: Not for Celsius, Your Honor.

2 MS. WICKOUSKI: No, Your Honor. Thank you.

3 THE COURT: Okay, we're adjourned. Thank you for  
4 the update.

5 (Whereupon these proceedings were concluded at  
6 3:16 PM)

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C E R T I F I C A T I O N

I, Sonya Ledanski Hyde, certified that the foregoing  
transcript is a true and accurate record of the proceedings.



Sonya Ledanski Hyde

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Date: August 22, 2023